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SUBJECT: Iceland: Defense Bilats with NATO Allies Reflect Maturing  
Icelandic Approach to Security Cooperation

Ref: 06 Reykjavik 431

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¶1. (U) Summary: Following the closure of U.S. Naval Air Station Keflavik in September 2006, the Government of Iceland has begun reaching out to other NATO allies to solicit interest in security cooperation - and demonstrate to the public, in an election year, that it will protect them. December 2006 visits of an Icelandic delegation to Denmark and a Norwegian delegation to Iceland produced no agreements (nor were they expected to), but set the stage for follow-on talks in late January/early February. The GOI has also announced plans for exploratory talks with Canada and Britain in early 2007.

¶2. (U) Reflecting a growing realization within the Government that Iceland will find it easier to encourage allied cooperation in the North Atlantic if Reykjavik increases its own contributions to the Alliance, Iceland will start contributing to the NATO Infrastructure Fund in 2007. Increasingly, leading media and other opinion makers seem prepared to accept that Iceland can and should contribute to its own defense and to Alliance operations both in and out of area. End summary.

¶3. (U) In the months since the September 2006 closure of Naval Air Station Keflavik (NASKEF), the Government of Iceland has made overtures to several NATO allies regarding security cooperation in the North Atlantic. Most substantively, the GOI has begun a process of bilateral talks with Denmark and Norway regarding cooperation on air defense/surveillance exercises, search and rescue, and maritime patrol. In its public discussion of the issue, the GOI has tied its long-standing desire for visible air defense to forecasts of rising maritime traffic in the next few years, and arguing that this creates an increased need for multilateral security engagement in the region.

¶4. (SBU) Danish and Icelandic delegations met in Copenhagen on December 18 for a first set of talks, and set a follow-on date for February in Reykjavik. The Icelandic delegation consisted of the "Committee of Three" that has policy coordination responsibility for defense and security issues: the Prime Minister's Foreign Affairs Advisor, the Permanent Secretary of the Ministry for Foreign Affairs (MFA), and the Head of Police and Justice Affairs at the Ministry of Justice (MOJ).

¶5. (SBU) Generally positive press reports quoted both sides'

assurances of further cooperation, while FM Sverrisdottir said the meeting had been more positive than she anticipated. News reports further indicated that Icelandic-Danish cooperation would seek to build on existing Coast Guard and Naval patrols of the countries' economic zones and collaboration in search and rescue. A Danish source confirmed that the talks had indeed gone quite well, and that the follow-up talks in February would be more extensive. Additionally, he noted that in a separate but related initiative, Denmark's Minister of Defense will arrive in Reykjavik on January 10 for the signing of a long-planned Memorandum of Understanding on security cooperation with the Icelandic MOJ.

¶6. (U) From December 19-20, a Norwegian delegation of Ministry of Defense and MFA representatives came to Iceland, first for talks at the MFA and subsequently for a tour of facilities at the former NASKEF site. Post facilitated the tour by providing an escort and access to NATO-owned facilities at the site (facilities for which the U.S. still holds the keys and pays the bills as NATO host nation) and a briefing by Embassy's resident EUCOM MilRep. In a pre-visit press article as well as press statements while the delegation was in Reykjavik, Norwegian officials said that the Norwegian government is looking towards Iceland for cooperation in order to step up its security on important shipping routes in the area.

¶7. (SBU) Iceland has also looked to start similar discussions with the U.K. and Canada. MFA PermSec Gretar Mar Sigurdsson told the press in December that an Icelandic delegation will meet with officials in London January 16. A British source confirmed that the "Committee of Three" will have talks at the Foreign and Commonwealth Office and the Prime Minister's Office, adding that the GOI was unrealistically raising public expectations of the level of British interest. Similarly, Canadian and other sources tell us that the GOI's reports of "defense talks" with Canada reflect nothing more than a planned visit by the Canadian Defense Attache in Oslo, though Iceland hopes for more to follow.

¶8. (SBU) Throughout the newest round of consultations, the GOI has been at pains to say that Iceland is not requesting permanent stationing of military forces in Iceland, nor is it asking other

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states to initiate any new financial or resource commitments vis-a-vis Iceland (i.e., "replacing the Americans"). Officials at both the MFA and Prime Minister's office told post they hoped these moves would complement but not replace the post-NASKEF security ties Iceland and the U.S. are building, a line that the MFA's PermSec has taken publicly as well.

¶9. (U) The GOI also now seems to be interested in contributing more to NATO in the hopes of getting more out of the Alliance. On December 18 conservative, generally pro-GOI Morgunbladid reported (and applauded) that Iceland recently became a party to the NATO Infrastructure Fund and will start making payments to it in 2007. The payments will start at a modest \$31,500 per year, rising to \$408,000/yr in 2016. Morgunbladid went so far as to urge the Government to begin paying the full amount this year. A few voices - including the center-right, but more populist daily Bladid - have grumbled that Iceland should not be required to pay other allies for defense, but these appear to be outliers to a growing consensus that Iceland should contribute to its own security.

¶10. (SBU) Comment: These first efforts at reaching out to the allies come in the wake of prominent local news reports that FM Sverrisdottir had arranged for bilateral talks with Denmark, Norway, Britain, and Canada when she attended November's NATO summit in Riga. Many here expressed doubt that those countries were as interested in discussing security cooperation with Iceland as the FM made them out to be - putting heat on the GOI to deliver some bilats, potentially opening itself to further charges of exaggeration if nothing concrete emerges.

¶11. (SBU) This backdrop should not distract from the important development that the GOI appears to have crossed a crucial line in thinking about defense as a multilateral cooperative endeavor in which Iceland should be a partner, rather than as something that the

Americans (or other allies) should be expected to provide at no cost. A key test of this assertion will be the extent to which Iceland agrees to provide support (e.g. billeting, fuel, Search and Rescue services) to U.S. or other forces contemplating exercises in and around Iceland.

¶12. (SBU) It is also indicative of more mature thinking on security in Iceland outside the halls of government that key opinion leaders are welcoming Iceland's participation in its own defense by contributing to the NATO Infrastructure Fund, and actively looking for international partners for search and rescue operations and air surveillance during peacetime. Iceland's commitment (reftel) to maintaining its contribution to peacekeeping in Afghanistan, Sri Lanka, and other hot spots - even as it seeks roles appropriate to a nation with no military forces or tradition - is a further reflection of Icelanders' reluctant but growing acceptance that (to paraphrase Trotsky) they may not be interested in war, but war is interested in them.

KOSNETT